



NORTH CAROLINA
ADMINISTRATIVE OFFICE
of the COURTS

Judicial Department

Accepting Credit Cards for Fines and Court Costs

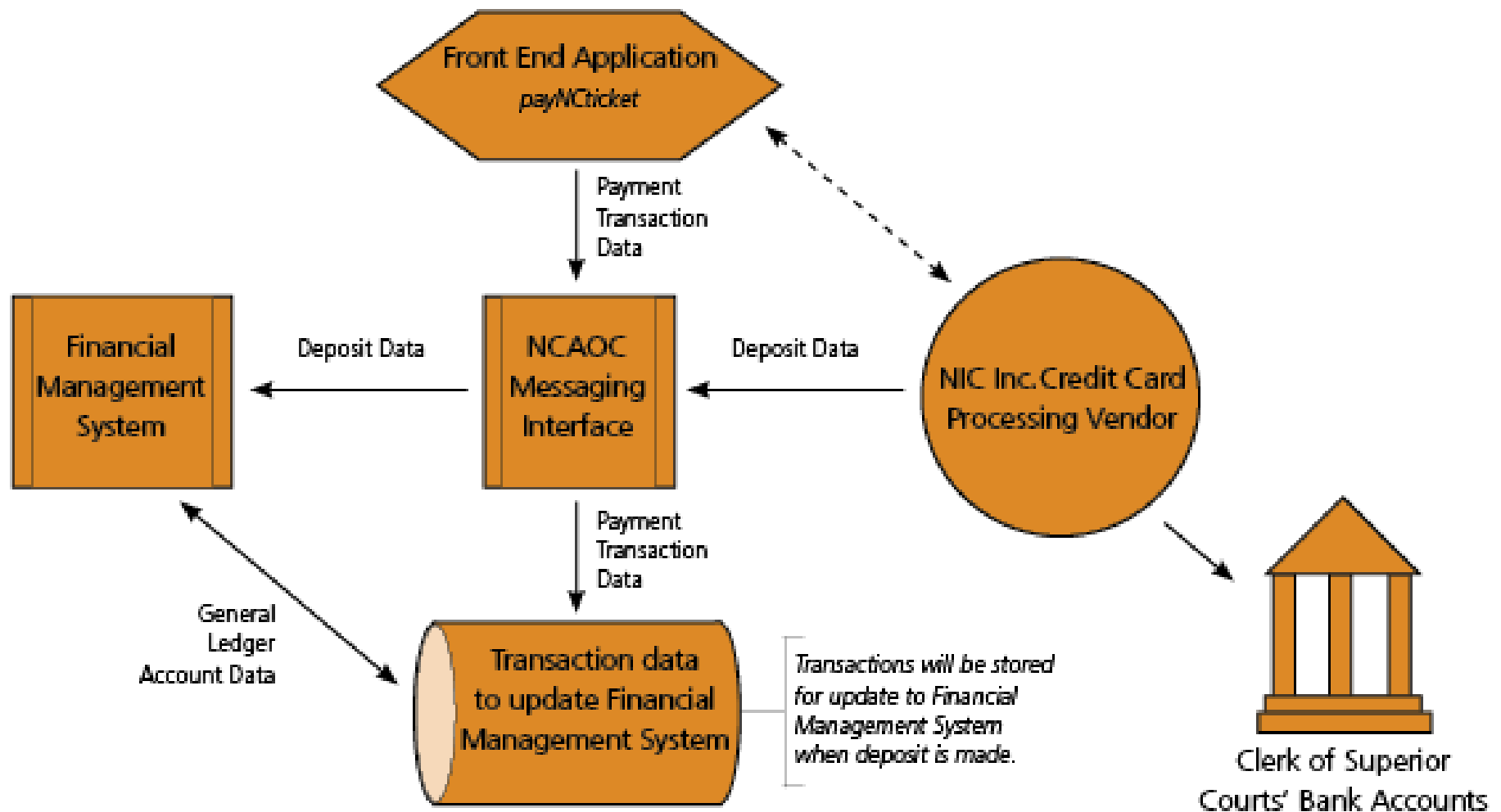
February 9, 2012

Presented by Gregg Stahl, Senior Deputy Director



- Waivable traffic offenses paid online with credit card
- Third-party vendor provides secure website for transaction and charges processing fee
- Other monies collected go to other state and local governments





Results of online transactions as of December 31, 2011

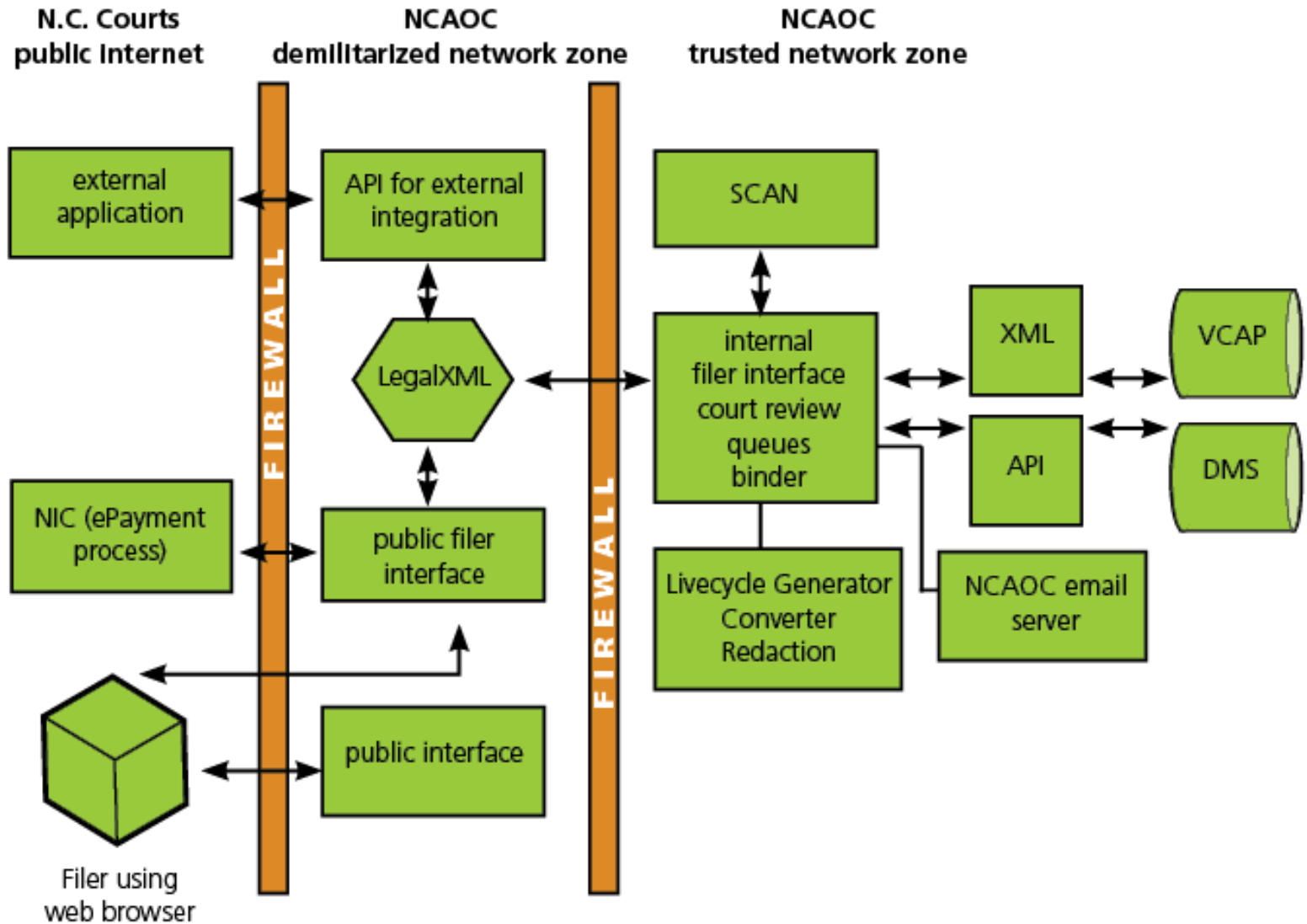
- \$32,147,943 collected (March 11, 2010 – December 31, 2011)
- 330 citation payments made per day
- \$65,300 collected per day
- 167,473 total citation payments
- Nearly 22 percent of waived offenses paid
- 7,600 courthouse staff hours saved

Civil eFiling

- Allows civil court papers to be filed electronically, filing fees to be paid online via credit card or eCheck, court notices to be sent, and court information to be retrieved via the Internet
- The initial eFiling pilot has been successfully implemented in Chowan, Davidson, and Wake counties
- eFile nearly 24 hours a day



Civil eFiling



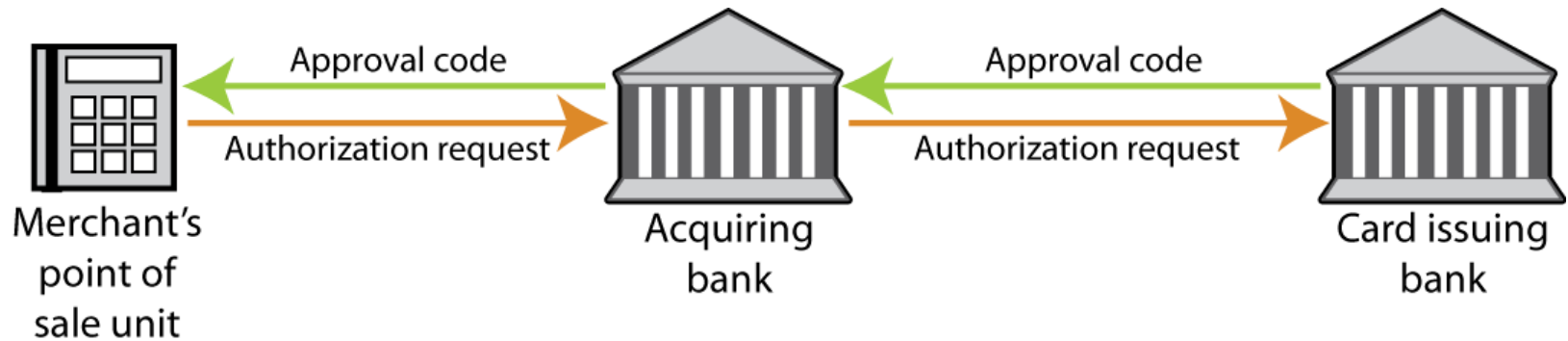
Civil eFiling

Results of online transactions as of January 31, 2012

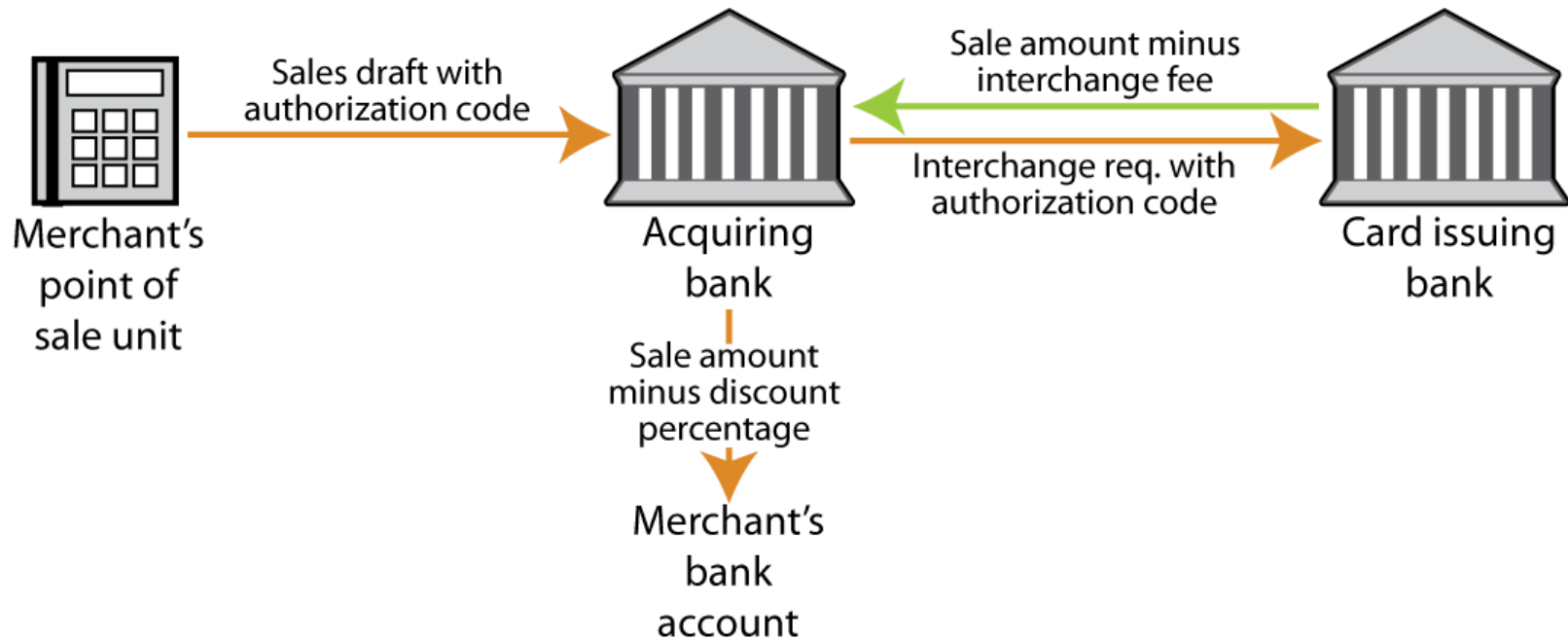
Pilot start	County	Number of filings
May 8, 2009	Chowan	1
May 8, 2009	Davidson	35
July 20, 2009	Wake*	1,288

** Limited pilot with only 50 law firms selected by the clerk of superior court*

How a Credit Card Works



Later on, the sale draft is captured



General Statutes on Credit/Debit Card Payments

§ 147-86.20. Definitions.

(2a) Electronic payment. – Payment by charge card, credit card, debit card, or by electronic funds transfer as defined in this subsection.

§ 147-86.22. Statewide accounts receivable program.

(b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and G.S. 147-86.21, this subsection applies to debts owed a community college, a local school administrative unit, an area mental health, developmental disabilities, and substance abuse authority, and the Administrative Office of the Courts, and to debts payable to or through the office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies as defined in G.S. 147-86.20.

General Statutes on Credit/Debit Card Payments

(continued)

The State Controller shall establish policies that allow accounts receivable to be payable under certain conditions by electronic payment. These policies shall be established with the concurrence of the State Treasurer. In addition, **any policies that apply to debts payable to or through the office of a clerk of superior court or a magistrate shall be established with the concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts may also establish policies otherwise authorized by law that apply to these debts as long as those policies are not inconsistent with the Controller's policies.**

General Statutes on Credit/Debit Card Payments

(continued)

A condition of payment by electronic payment is receipt by the appropriate State agency of the full amount of the account receivable owed to the State agency. A debtor who pays by electronic payment may be required to pay any fee or charge associated with the use of electronic payment. Fees associated with processing electronic payments may be paid out of the General Fund and Highway Fund if the payment of the fee by the State is economically beneficial to the State and the payment of the fee by the State has been approved by the State Controller and State Treasurer.

Office of State Controller Policies

Policy and Guidelines For Electronic Commerce – Transaction fees

- The practice of charging transactions fees shall not conflict with any merchant card associations' Rules. Notwithstanding that the fee revenue may be use to pay for merchant card processing services, all fees charged are for the conducting of an electronic transaction, not for the utilization of a merchant card.
- Fees charged under this statute pertain only to obtaining electronic access, which includes the Internet, voice response unit. Electronic access does not include mail orders or telephone orders, commonly referred to as MOTO. Neither does it include the acceptance of a face-to-face merchant card transaction.

Typical Credit Card Merchant Agreement

VISA states that “you may not impose any surcharges on VISA transactions. You may, however, offer a discount for cash or another form of payment (e.g., proprietary card or gift certificate) provided that the offer is clearly disclosed to customers and the cash price is presented as a discount from the standard price charged for all other forms of payment.”

MasterCard states that “A Merchant must not directly or indirectly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction. A Merchant may provide a discount to its customers for cash payments.”

Recent Updates to Merchant Agreement

- In recent years MasterCard and American Express changed their convenience fee rule for governments and educational entities. Upon applying, a government is now allowed by MasterCard and American Express to levy both a convenience fee on card-not-present transactions, and a surcharge on card-present transactions. The fee or surcharge can be either fixed or percentage-based, and can be levied by either the agency as merchant or its third-party vendor.
- Visa responded by announcing its Tax Payment Program, which provides a waiver from its no-discrimination convenience rule for echecks, as well as a waiver from its “flat convenience fee only” rule. This waiver only applies to governments that apply (or its third-party vendor), and only for tax payments processed under an eligible merchant category code (MCC 9311). While the North Carolina Department of Revenue is now able to accept Visa cards and levy a tiered-pricing convenience fee for tax payments because of the special Visa waiver, other agencies in the State are not eligible for the waiver due to their receipts not being considered tax payments.

Credit Card Fees

- Use of credit cards is subject to a discount fee or commission of 1 – 3% and may be subject to an interchange fee
- Credit card user pays full amount but merchant only receives from 97% – 99% of item or service purchased
- Credit card equipment and access fees are estimated to be from \$100 to \$200 per month per site accepting cards (cash register site)

Court Fee and Fine Examples

- Adult driver operating a vehicle without a seatbelt (Ch. 20 infraction with its own offense-specific costs amount): \$25.50 fine + \$135.50 costs = \$161.00. State would receive \$157.78 and would have to provide \$3.22 for that credit card transaction
- Improper speedometer (Ch. 20 infraction with additional \$50.00 I.E. costs amount that goes to Misdemeanor Confinement Fund): \$25.00 fine + \$238.00 costs = \$263.00. State would receive \$257.74 and have to provide \$5.26.
- Total court fees and fines that could be subject to credit card payment \$360 million (includes fees and fines going to local governments). State would receive \$352.8 million (2% discount fee) and have to provide \$7.2 million.
- Restitution and other similar payments add an additional \$150 million. State would receive \$147 million (2% discount fee) and have to provide \$3 million.

Other Court Fee and Fine Examples

- Small claims filing (magistrate's court) – typical case

\$96 *filing fee*
+ 60 *service fee*
\$156 *total fee*

- State receives \$152.88 (net 2% discount fee) need \$3.12 appropriation per case
- 247,500 cases annually could require \$772,200 in appropriations to cover credit card use

- District court civil case filing – typical case

\$150 *filing fee*
+ 60 *service fee*
\$210 *total fee*

- State receives \$205.80 (net 2% discount fee) need \$4.20 appropriation per case
- 239,400 cases filed annually could require \$1,005,480 in appropriations to cover credit card use



Other Court Fee and Fine Examples

(continued)

- Superior court civil case filing – typical case

\$200 *filing fee*

+ 60 *service fee*

\$260 *total fee*

- State receives \$254.80 (net 2% discount fee) need \$5.20 appropriations per case
- 27,764 cases filed annually could require \$144,373 in appropriations to cover credit card use



Conclusion

- State law requires as a condition for electronic payment that the agency is to receive full payment for amount owed
- Select credit card companies now allow for point of sale transaction fees
- State law does provided for use of General Fund monies to offset the cost of any fee or charge provided it is economically feasible

Questions?



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LAW AND JUSTICE